

Meeting Date: 10/14/08

AGENDA REPORT

City of Santa Clara, California

Agenda Item # 7B-3



Date: October 1, 2008
To: City Manager for Council Action
From: John C. Roukema, Director of Electric Utility
Subject: Approval of Call No. 08-4 with Flynn Resources Consultants, Inc. for Consulting Support Services in Litigation-Related Activities for the Electric Department Resources Division

EXECUTIVE SUMMARY:

As the California Independent System Operator (CAISO) implements its Market Redesign and Technology Upgrade (MRTU) project, it is unilaterally filing a number of agreements and tariffs that impact the way the City's electric utility, Silicon Valley Power (SVP) does business. One recent filing of an Integrated Balancing Authority Agreement (IBAA) severely impacts the value of the City's interest in the California Oregon Transmission Project (COTP) and its allocation of the Western Area Power Administration (Western) resources. Staff recommends entering into Call No. 08-4 with Flynn Resources Consultants, Inc., (Flynn RCI) to support regulatory and possible litigation activities at the Federal Energy Regulatory Commission (FERC) to protect the City's interests in these proceedings. Flynn RCI has been serving and supporting Santa Clara, Palo Alto and Alameda in various efforts for several years

SVP has been actively pursuing protecting its rights via negotiations and submittal of comments in the market participant process for the CAISO's IBAA proposal. On June 17, 2008, the CAISO filed an amended IBAA proposal at FERC. In addition to the impacts on COTP and Western resources, the IBAA filing could also negatively affect SVP as a CAISO market participant by creating inaccurate price signals, leading to market price uplift charges. Other FERC related issues include the renegotiation of SVP's Metered Subsystems Agreement (MSS) with the CAISO to update the MSS in accordance with the CAISO's MRTU project. The CAISO will file a restated and amended MSS with the FERC in early October whether or not SVP is in agreement with the provisions contained in the revised MSS.

Flynn RCI will provide FERC regulatory and litigation support services related to the IBAA proceeding, the MSS agreement, the CAISO's MRTU project, and other FERC proceedings that might affect SVP's rights or its ability to serve its customers at reasonable cost. A copy of Call No. 08-4 and the Flynn RCI Scope of Services are available for review in the Council Offices.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

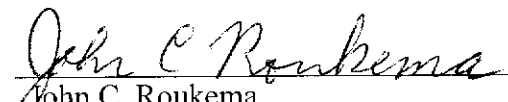
These FERC proceedings have the potential to significantly affect the value of SVP's resources and the cost to serve SVP's customers in Santa Clara. Flynn RCI's FERC regulatory and litigation support services related to the FERC proceedings will assist SVP in preserving its rights and its ability to serve its customers at reasonable cost.

ECONOMIC/FISCAL IMPACT:

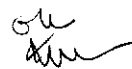
The total cost of service under Call No. 08-4 for Flynn RCI is \$500,000.00. Sufficient funds are available in the Electric Department Contractual Services/Not Classified Account 091-1352-87870-(F)92300.

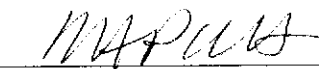
RECOMMENDATION:

That Council approve, and authorize the City Manager to execute, Call No. 08-4 with Flynn Resource Consultants, Inc., in an amount not to exceed \$500,000.00, for consulting support services in litigation-related activities for the Electric Department Resources Division,.

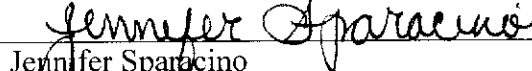

John C. Roukema
Director of Electric Utility

Certified as to Availability of Funds
091-1352-87870 \$500,000.00




Mary Ann Parrot
Director of Finance

APPROVED


Jennifer Sparacino
City Manager

MAJORITY VOTE OF COUNCIL

Documents Related to this Report:

- 1) *Flynn Resource Consultants, Inc. Call No. 08-4 and Scope of Services*

CITY OF SANTA CLARA
AGENDA MATERIAL ROUTE SHEET

Council Date: October 14, 2008

SUBJECT: Approval of Call No. 08-4 with Flynn Resource Consultants, Inc. for Consulting Support
Services in Litigation-Related Activities for the Electric Department Resources Division

CERTIFICATION

The proposed Call No. 08-4 with Flynn Resource Consultants, Inc.
Regarding: Consulting Support Services in Litigation-Related Activities for the Electric Department Resources
Division
has been reviewed and is hereby certified.

PUBLICATION REQUIRED:

The attached Notice/Resolution/Ordinance is to be published ____ time(s) at least ____ days before the
scheduled meeting/public hearing/bid opening/etc., which is scheduled for _____, 2008.

AUTHORITY SOURCE FOR PUBLICATION REQUIREMENT:

Federal Codes:

Title _____ U.S.C. § _____
(Titles run 1 through 50)

California Codes:

Code _____ § _____
(i.e., Government, Street and Highway, Public Resources)

Federal Regulations:

Title _____ C.F.R. § _____
(Titles run 1 through 50)

California Regulations:

Title _____ California Code of Regulations § _____
(Titles run 1 through 28)

City
City Charter § _____ (i.e., 1310. Public Works Contracts. Notice published at least once at least ten days before bid opening)
City Code § _____

1. As to City Functions, by
2. As to Legality, by
3. As to Environmental
Impact Requirements, by
4. As to Substance, by

John C. Ronkema
Department Head
Gindsay Speck *HC*
City Attorney's Office/CAO Assignment No. 08.1369

Director of Planning and Inspection

J. Sparano
City Manager